A Water Monetary Standard: An Economic Thesis

Jackson, Michael

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M.P. Jackson

St. Johns College; Annapolis, Maryland, 21012, USA, mike-jackson@comcast.net

Abstract

In emerging markets and economies with limited supplies of potable water, the current monetary policy governing water distribution has failed or will eventually fail. Problems are not limited to developing nations but are magnified by tenuous circumstances. Historically, weaker economies suffer short falls in revenue for operation and proper maintenance of their respective water systems; however, even well funded systems are operating under potentially tenuous circumstances.

The goal of this thesis is to offer an alternative to current global policies, through a new paradigm, a water based monetary standard. The immediate benefit of this policy is the elimination of user fees for public water and to protect the ongoing operation through revenues created through recognized rules of sovereignty and fiscal policy. Elimination of fees or associated taxes will lower the daily cost of living, consumer price index (CPI), and the producer price index (PPI) within subject economies. Adoption of this new monetary standard will create an environment of encouraged growth in a more stable economy, thereby increasing tax revenues.

KEYWORDS

Economic theory; emerging markets; sustainable development; wastewater, water

WATER: AN ABSOLUTE VALUE

Water has a quantifiable market value and unlike gold is an absolute necessity for life. Currently water is treated as all other consumables in a free and open market. At the conclusion of production, the consumer water tap, the system is left with a fiscal deficit that is obtained from the consumer. The intrinsic relationship between water and life gives water an absolute value and any mathematical absolute value is a positive number. This computation, in being aggregated into the accounting and financing for a public water system, converts the deficit of production to a fiscal asset; a potential monetary standard. In converting to a water based monetary standard, the water community would be converted to a financially self-sustaining system. In doing this, the elimination of a user fee will eliminate economic status from the individuals access to water. This local economic system would be the foundational model of a nations economy and would enable the free enterprise system with an independent foundation. The model could

define the absolute bottom of an economic depression.

Just as water production has an absolute value so also does the purification of sewage and trash. History and current events show us that to fail to treat and sanitize these bi-products to life is deadly to both the community and the environment. This responsibility is clear. The value in doing so is absolute. The fiscal problems of our water systems are nearly identical to the problems of sewage and trash. All three systems, water, refuse and sewage shall be referred in this work as "water" or "the water system".

The Source in Law

It is a sovereign right of a nation to set a standard or weight of an article and to set its monetary value. In the United States this authority is outlined within its Constitution: Article 1 Section 8 Clause 5. Unlike the typical standard, where currency may or may not be converted, solely at the discretion of the holder, all water is exchanged as it is consumed. Therefore, a nations GNP minimum value shall be equal to the value of the cost of the production of water. Water consumption would now be the impetus for economic growth. Currently, water consumption is dependant upon economic growth, which is dependant upon employees who are dependant upon water. This is a self-destructive economic cycle prone to failure specifically in any nation whose natural resources are inadequate for more than minimal activity. Inversely as is proposed, the production of water produces monies, which pay employees who spend and buy which creates job opportunities.

Because the volume of water is eighty percent of Earths surface the traditional danger in a monetary standard, where the international or national economy can grow beyond the known physical quantity of the standard being used, is eliminated. At all times, the gallon of water being consumed is biologically reintroduced into the ecosystem. Natural law will insure the fundamental stability of an economy using the proposed monetary standard.

Beyond Production

As the system grows, it will be incumbent for the governing body to maintain the equilibrium between the domestic product and circulated capital. This process currently maintained at the national level would need to be expanded to Regional and Local economies to prevent deflation of currency. This expanded process would need to function in such a way as to schedule regular maintenance of the system in such a way as to maintain a slow steady pace of maintenance to maintain this equilibrium between inflation and deflation.

In order to sustain production to the consumer the water system must be maintained in a safe and fiscally responsible manner. Maintenance is a normal part of daily operations and should be accounted as part of production. The true value of water will sustain these costs. Defined by the minimum value of water, as backed by the monetary standard, what will define the maintenance of this system will be the local economic conditions. The maintenance schedule, repairs and upgrades, can be used to boost economic stability and growth. Inversely, a too aggressive maintenance program can cause instability and

recession within an economy. Particularly in established water systems the maintenance should proceed cautiously and with a maximum economic monitoring program.

Currently this program, with the possible exception of emergency leak repairs, maintenance is done when funds become available through the tax structure. This practice further deteriorates the ability of tax revenues from doing their over all job. It is argued that the user fee is used to promote conservation of water. Conservation of water in areas poor in water cannot be over rated but it is education that is the key. The use of economics to deny or limit water use is a poor method and is dangerous due to the instinctual reactions caused by such a policy. The poor are forced to conserve or do without while the rich are able to use water indiscriminately. Removing the user fee from the conservation policy will enable the instinctual conservation of water by all consumers within such regions and allow an educational program by the service provider to reinforce the drive to conserve water. This educational program should be a normal part of the administration of water production. The cost in relationship to the system as a whole is negligible.

Ingenuity is the source of mankind's ability to pump water and treat sewage and trash. The cost of ingenuity has always been: blood, sweat, and tears. In other words: spending cold hard cash. Until water flows into a vessel to be used it is only potential. It has no value if it is undrinkable or impure. This value is achieved only when a system is complete. These construction costs must be paid as they are currently being done to overcome the inertia of potentiality that is water. It should be considered as the "buy in" to the system. It would be a joiner agreement between neighbours at the heart of the neighbourhood in cooperation with the whole nation.

Social Growth

Desalinated water will no longer be cost prohibitive to the consumer. A hundred million dollar facility will no longer push the cost of a gallon of water beyond the means of the consumer. It will be the impetus for economic growth in direct proportion to its water output. The fifty-year outlook will produce large ocean withdrawals (relatively speaking) lowering the volume of required cooling by the polar caps, lowering the ocean and continental temperatures, countering the global warming trend.

Sewage treatment becomes economically feasible. Sound urban sewage treatment will raise the health index and the increase in sanitized water discharge which will also contribute to a cooler land mass. Treatment plants can supply nutrients for soil reclamation in areas of desertification from the sanitizing process. This will lead to a greater area for agriculture use.

Raising the health index of a community will, in time, lower the instinctual over population trends we see now. With the high infant mortality rate, currently being experienced in some nations, an individual responds instinctually and will bare as many children as possible to insure the survival of one. Sound water, sewage and trash service systems will begin to reverse this trend.

FROM THEORY TO PRACTICE

A carefully considered adoption of this monetary policy change will lead to the economic viability of the global water system. The policy change will promote a healthy environment creating healthy communities. Emerging markets will no longer be trapped in a vicious cycle of poverty.

Elimination of any water user fee will uphold the traditional values of most if not all cultural beliefs. Whether the system in question is owned and operated by the government or contracted by the government to a private enterprise; access to a reliable water supply can be considered an unalienable right of all mankind.

REFERENCES

United States Declaration of Independence 1776 ad.
United States Constitution Article 1; Section 8, Clause 5 1787 ad.